

CZECH REPUBLIC

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Capital: Prague

GDP per capita (PPP): \$12,900 (2000 est.)

Population: 10,264,212 (July 2001 est.)

Foreign Direct Investment: \$4,477,000,000

Inflation: 3.8% (2000 est.)

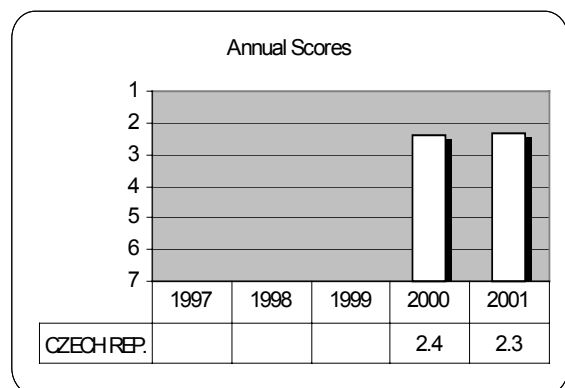
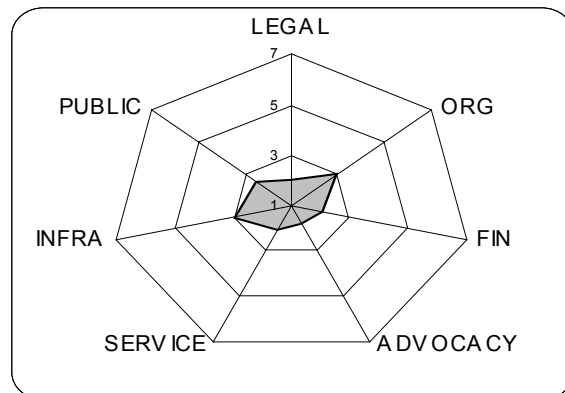
Unemployment: 8.7% (2000 est.)

OVERALL RATING: 2.3

There are over 44,000 NGOs registered in the Czech Republic. The vast majority (96%) of these are civic associations, while the remainder are foundations, public benefit organizations, and church-related organizations. It is estimated that one-third of the civic associations are inactive.

The non-profit sector accounts for approximately 3% of total employment in the Czech Republic. Non-profit organizations operate in all regions. Although most of them are registered in Prague, Brno, České Budějovice and other large cities, many of them benefit a broader geographic area. Approximately a third of non-profit organizations operate at the local level, a third at the regional level and a third at the national or international level.

Cooperation between the government and NGOs needs to be improved. The government does not perceive NGOs as partners; some prominent government officials even refer to NGOs as illegitimate, non-elected organizations without verifiable democratic structures. A network of information centers has been developed, but is unable to satisfy demand. To represent their interests more effectively, some NGOs have established coalitions on a regional or field-of-interest basis.



LEGAL ENVIRONMENT: 2.0

NGOs in the Czech Republic are regulated by several laws, including the 1997 Law on Foundations and Foundation Funds, the 1995 Law on Public Benefit Organizations, and the 1991 Law on Freedom of Religion and the Status of

Churches and Religious Organizations. The more general 1990 Law on Association of Citizens regulates operation of civic associations, which is also outdated. All of the above-mentioned legislation is ambiguously written, thereby

allowing for differing interpretations.

Different types of organizations are subject to different registration procedures. Although the legislation covering NGO registration is generally adequate, practical implementation is cumbersome and time-consuming due to a backlog in the courts, the lack of technical equipment and frequent judicial incompetence.

The legislation also provides different income-generating opportunities for different types of NGOs. As a result, NGOs often choose a legal form based on the privileges they will receive, instead of the best form for their activities. Civic associations have the fewest restrictions, while public benefit organizations' economic activities are more restricted. Foundations are allowed to generate income only through specifically defined activities such as the leasing of assets, organization of lotteries, public collections, and cultural, sport

and educational events.

The Czech Parliament is currently negotiating an amendment to the Law on Foundations, which is expected to result in some positive changes. The proposed amendment expands the ways in which foundations can use their endowments and makes improvements in the format of financial reporting.

Legislation regulating the use of public finances is inadequate and there is no legislation defining the concept of public benefit. The government is presently preparing legislation on volunteerism, is sorely needed.

NGOs can address matters of public debate freely and express criticism but there are subtle attempts by state officials to prevent them from doing so. There is still a dearth of lawyers knowledgeable about non-profit sector legislation, especially outside of Prague.

ORGANIZATIONAL CAPACITY: 3.0

Most NGOs now have defined missions that they try to fulfill through their activities. However, they often fail to sufficiently inform the public and generate support for their activities, focusing instead on fundraising and other operational concerns.

Volunteerism has not yet emerged as a popular concept. In 1999, only 8% of citizens volunteered with a non-profit organization. More than one-third of NGOs admit to having difficulties in recruiting volunteers, while one-fifth experience problems in managing them.

Most NGOs consider themselves too small to use strategic planning in their decision-making processes. However, this subject is covered in NGO training and some foundations require that

NGOs present a strategic plan when submitting grant applications.

About one-third of NGOs lack a Board of Directors and the division of responsibilities between the Board and the staff is often unclear in the remaining two-thirds. In many organizations, Board members consider their position as a mere formality required in order to register an NGO. The situation is gradually improving, however – partially due to training sessions. Most NGOs also employ external consultants in addition to a small number of permanent employees.

Small regional organizations struggle to obtain even basic equipment, while in larger cities NGOs tend to have adequate equipment.

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FINANCIAL VIABILITY: 2.0

In 2000, the Czech government provided NGOs with approximately \$81 million of support, which went primarily to sporting activities, social services, health protection, culture, protection of minorities' rights and environment. On average, NGOs receive 39% of their funding from the government, while a quarter of NGOs receive over half their funding from the government. Government funding is only available for one-year periods, which is problematic for longer-term programs. The public financing system is also not fully transparent.

The second phase of distribution of the proceeds from the privatization process collected in the Foundation Investment Fund (NIF) will occur this year. Sixty-four foundations will be chosen on the basis of selection criteria and granted a total of \$22 million. In spite of this positive development, domestic foundations have not yet become a significant funding source for the Czech non-profit

sector.

According to research conducted in 1999, 82% of private companies claimed to have made a financial contribution to an NGO, while 60% made material contributions. Individual philanthropy is still not a common practice. NGOs supplement their income through income-generating activities in a very limited manner, due in part to complicated accounting and tax regulations. The proportion of funding from local resources and income-generating activities is gradually increasing, while membership dues remain a negligible funding source for most NGOs.

The flow of foreign funding into the Czech non-profit sector has decreased to roughly a quarter of its 1997 level, which has caused serious problems for organizations that were established and extensively funded from foreign resources, particularly those working in human rights and the environment.

ADVOCACY: 1.8

Recently, NGOs have begun discussing the need for an umbrella organization to represent the entire non-profit sector and to act as a partner in negotiations with the government and Parliament. There are already several regional and sector based coalitions. Umbrella organizations include: SKOK (health and social care), Green Circle (environment), Spider's Web (environmental education), the Centre for Community Organizing (community development) and the Donors' Forum (foundations). Environmental NGOs are especially unified in their cooperation, which has enabled them to successfully advocate for

some changes in regional development plans and other projects.

There are formal mechanisms allowing NGOs to participate in decision-making processes but they are seldom utilized effectively. NGOs are not unified in their opinions and often contradict each other. Lobbying in Parliament is usually done by individual NGOs rather than by coalitions. Members of Parliament have recently become more interested in the non-profit sector and a number of seminars on the subject have been organized in the Senate as a result.

Since 1992, the Council for NGOs (RNNO), made up of NGO and government representatives, has been working on the national government level. Its intention is to comment on new legislation and political measures concerning NGOs, help distribute finances from the NIF and provide information on the non-profit sector. Unfortunately, the RNNO does not fulfill its mission adequately and its success and effectiveness depend on the members of the Council at

any given time.

Advocacy campaigns, petitions, demonstrations, and blockades occur from time to time with some success, although they do not always mobilize broad public support. Insufficient financial means limits the capacity of NGOs to coordinate activities, raise public support or build coalitions, thereby limiting the success of such actions.

SERVICE PROVISION: 2.0

NGOs provide services in almost all areas to the general public. For example, some NGOs work to improve conditions for the handicapped and ethnic minorities, while other NGOs provide housing to socially disadvantaged groups of citizens. Social services are improving and new forms of services are being introduced, especially for marginal groups, homeless people, drug addicts, home care, etc. The government still mostly provides health care and educational services but, the number of non-governmental healthcare providers is increasing. The participation of Czech NGOs in humanitarian aid in the Czech Republic as well as abroad is significant and acknowledged by the public.

Although state representatives often show their disdain for NGOs, they use them as providers of services that cannot be funded from the state budget. In this way the government saves money because state subsidies can only cover a maximum of 70% of project costs.

Publications about the non-profit sector are not systematic or updated. Up-to-date data about the number of NGOs, their fields of interest, effectiveness, financial structure, etc. are not available on an annual basis. Information about NGO services can be obtained either in NGO offices or in information centers.

INFRASTRUCTURE: 3.0

A network of NGO information centers exists in Prague and other large cities. These centers provide information to NGOs, organize training programs and offer legal and financial consultations. However, the network is insufficient in both quantity of centers and the scope of services provided. Training for NGOs does not cover all fields and there is a lack of qualified trainers in areas such as NGO management, fundraising, strategic planning, income-generating

activities and board development. Some NGOs help their regional colleagues to develop cross-sectoral partnerships with local governments and businesses. Unfortunately, businesses are seldom interested in these efforts. Several umbrella NGO coalitions have been formed and operate on a regional and/or field-of-interest basis. Domestic grantmaking foundations support both nation-wide and local projects but their potential is still quite limited.

PUBLIC IMAGE: 2.5

The NGO sector's cooperation with the media is gradually improving, although the media still pays insufficient attention to NGOs. Negative stories typically receive more coverage than positive ones. To improve this situation, the Prague Information Center and the regional centers have been organizing annual public awareness campaigns called "30 Days for the Non-profit Sector" since 1998. Despite this effort, many people do not yet fully understand the role of NGOs in civil society or recognize the names of individual NGOs and their projects. Foundations that hold public collections, and therefore regularly appear in the media, are generally better known.

Public perception of the NGO sector is ambivalent. On one hand, more than half (51%) believe that NGOs represent people's actual interests, but at the

same time, approximately the same number of people (57%) suspect NGOs of organizing public collections that are fraudulent.

The government does not publicly support the NGO sector. Some important representatives of the largest political parties even accuse NGOs of trying to replace public bodies. Nevertheless, 75% of the people trust NGOs more than political parties.

NGO transparency is gradually improving. Foundations have adopted a code of ethics and all recognized NGOs publish annual reports. Government bodies as well as foundations require the presentation of annual reports, including a financial statement, when funding projects.